GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

Economy 2004

Contents

The Economy is an annual publication providing a review of economic performance in Newfoundland and Labrador and an outlook for the medium term. Readers should note that most data used in this publication is current as of March 16, 2004 but is subject to revision. For more current information contact the Economics and Statistics Branch.

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Minister of Finance
and President of Treasury Board

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2003 Highlights

- Real Gross Domestic Product (GDP) grew by 4.7%, led by growth in exports and consumer spending.
- Offshore oil production grew by 17.9% to 123.0 million barrels. Hibernia's production increased by 12.5% to 74.1 million barrels and Terra Nova's grew by 27.0% to 48.8 million barrels.
- Employment increased by 1.8% to 217,800 on an annual average basis.
- The unemployment rate fell slightly to 16.7% as expansion of the labour force largely offset employment gains.
- Real personal income grew by 1.4% and real disposable income increased by 1.1%.
- Inflation averaged 2.9% in 2003 as higher tobacco and gasoline prices and rising insurance premiums exerted upward pressure on the CPI early in the year.
- Retail sales expanded by 5.1% (3.4% in real terms) to $5.3 billion.
- Housing starts reached their highest level since 1991 at 2,692 units (+11.3%). Housing performance was driven primarily by historically low mortgage rates, income gains, and solid consumer confidence.
- Capital investment increased to almost $3.8 billion, due in large part to the White Rose and Voisey's Bay projects.
- Tourism performance was on par with 2002. Visitors to the province numbered 441,400 and expenditures totalled $316 million.
- The value of manufacturing shipments grew by 14.5% in 2003 to $2.88 billion.
- The volume of fish landings increased 12% to about 301,000 tonnes; value increased by 11% to $560 million.
- Newsprint shipment volumes increased by 5.5% to 781,000 tonnes. However, shipment value grew by only 1.8% to $550 million as some of the positive effects of increased volume and prices were offset by the higher Canadian dollar.
- Iron ore shipments increased by 4.9% to almost 20 million tonnes, supported by stronger Asian markets.
- Population grew for the first time in more than a decade, reflecting both positive net migration and natural population growth.

Torngat Mountains, Labrador

2004 Expectations

104-03954/

- Real GDP is expected to grow by 1.3% driven mainly by consumer spending and investment.
- Employment is expected to grow by 0.9% to 219,700 and the unemployment rate is set to decline to 16.4%.
- Real income is expected to grow by 1.1% and real disposable income by 1.2%.
- Inflation is expected to be 1.8%—lower than inflation in 2003.
- Retail sales are expected to increase by 3.0% to $5.5 billion.
- Housing starts are expected to decline to about 2,600 units with demand for new homes down somewhat from the previous year.
- Capital investment is expected to increase by 10.5% to almost $4.2 billion, the highest level ever. This increase reflects significant activity related to the White Rose and Voisey's Bay projects.
- Offshore oil production is expected to decline by 2.9% to 119.4 million barrels. Terra Nova production could decline by about 7% while Hibernia production is expected to be on par with 2003.
- One offshore exploration well is planned for the South Whale Basin. Onshore, a drilling program in the Parsons Pond area commenced in early 2004 with the potential for more wells to be drilled in the area.
- Tourism performance is expected to hold steady. Both resident and non-resident tourism are expected to approximate 2003 levels.
- The value of manufacturing shipments is expected to be marginally lower than last year's record level as an expected further increase in the Canadian dollar reduces exporters' revenues.
- Fish landings are expected to be roughly on par with last year's level. Structural issues in the industry will likely challenge all players, particularly those in the shrimp sector.
- Newsprint shipments are expected to increase marginally to 788,700 tonnes. A gain of over 9% is expected in prices.
- Iron ore shipments are set to approach 22.0 million tonnes, an increase of about 10% over 2003.
- Modest population declines are expected. This is predicated on shrinking natural population growth and less robust economic growth.

Port au Port Peninsula

Global Economic Environment

World Economic Growth

The world economy recorded growth of 3.1% last year. Growth continued to improve, aided by an accelerating recovery in the U.S. and strong growth in East Asia, particularly China. The rapid appreciation of the Euro against the U.S. dollar was a significant drag on growth in Europe while Japan experienced slow, but improving growth.

World GDP is expected to expand by roughly 4.0% in 2004. A strong recovery in the U.S. and robust growth in East Asia combined with lower interest rates in Europe will boost overall economic activity. However, last year's depreciation of the U.S. dollar and restraints on government spending will likely limit the pace of recovery in Europe.

United States

The U.S. economy continued to recover in 2003 as real GDP growth improved to 3.1%, led by consumer, federal government and residential spending, as well as, machinery and equipment investment. Exports rebounded sharply in the second half of the year helped by a depreciating dollar and an improving world economy. Concerns over growing government deficits and a large trade deficit with the rest of the world caused the U.S. dollar to depreciate sharply against most other major currencies last year.

Despite the improvement in GDP, employment showed little sign of recovering, as employers increased output through productivity gains rather than hiring additional employees. Employment declined for the second year in a row (down 0.2%) while a contraction in labour force participation kept the unemployment rate virtually unchanged near 6.0%.

Real GDP and employment are expected to grow by 4.5% and 1.0% respectively this year as the U.S. economy enters 2004 with significant momentum. Tax cuts, low interest rates, productivity gains, growing profits and a

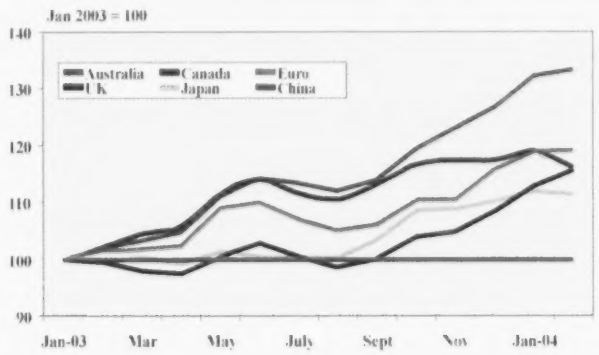
Growth in Real GDP (%)

	2003	2004f
WORLD	3.1	4.0
United States	3.1	4.5
China	9.1	8.0
Japan	2.1	1.9
European Union	0.5	1.8
Canada	1.7	2.8

Various sources

Exchange Rates for Major Currencies

Versus US$



Bank of Canada

Percent of World GDP*

1992	% of Total	2002	% of Total
United States	21.3	United States	21.1
Japan	8.8	China	12.7
China	7.2	Japan	7.1
Germany	5.4	India	4.8
Russia	4.2	Germany	4.4
Rest of World	53.1	Rest of World	49.9
World	**100.0**	**World**	**100.0**

** based on Purchasing-Power-Parity (PPP)*

International Monetary Fund, World Economic Outlook Database

depreciated dollar should boost the economy again this year. Strong output growth should finally result in employment growth, albeit weak, as employers begin to feel confident enough to hire additional workers.

Canada

Real GDP in Canada grew by 1.7% last year. The economy began 2003 on a strong note, but several shocks during the spring and summer (SARS, BSE, a blackout in Ontario and rapid appreciation of the dollar) derailed economic growth. GDP and employment growth quickly slowed, forcing the Bank of Canada to drop short-term interest rates. The economy began to recover towards the end of the year as strong U.S. GDP growth resulted in solid export gains. Employment increased by 2.2% last year, however, similar growth in the labour force (2.1%) kept the annual unemployment rate virtually unchanged at 7.6%.

The most significant and long lasting shock to the economy last year was the rapid appreciation of the dollar and the resulting negative impact on exporters' profits. The appreciation of the dollar reflected higher interest rates (compared to the U.S.), rising commodity prices and broad-based weakness in the U.S. dollar. The Canada/U.S. exchange rate rose from 63.5 cents at the start of 2003 to a peak near 79 cents early in 2004. In some cases world commodity prices have increased enough to offset the rise in the dollar, but many Canadian exporters will continue to struggle in 2004 as they restructure in an effort to restore profit margins. Some of the upward pressure on the dollar should be alleviated by interest rate reductions at home and hikes in U.S. interest rates expected later this year. The Canadian dollar is expected to average roughly 75 cents U.S. this year.

The Canadian economy is expected to grow by 2.8% in 2004 aided by a strong U.S. economy, low interest rates, rising commodity prices and further employment gains. The strength of the Canadian economy in the near term is once again expected to come from consumption, business investment, and, to a lesser degree, exports. Employment growth is not expected to keep pace with GDP growth as businesses strive to increase productivity. On average, forecasters expect employment to increase by 1.8%, down from 2.2% growth in 2003.

China

Massive economic reforms in China since 1978 have created an economic powerhouse. The purpose of reform was to transform China's economy from a state controlled, centrally planned economy to one that was more market-oriented. It encouraged the formation of private businesses, liberalized foreign trade and investment, relaxed state control over prices, promoted industrial production and invested in the education of the workforce.

Twenty-five years later, these efforts have succeeded tremendously. China's real GDP has grown at an average annual rate of more than 9% since 1980, replacing Japan as the world's second largest economy in 1994. At $6.14 trillion, China's GDP now accounts for 12.7% of total world output. The country has experienced exploding two-way trade as both exports and imports have grown at an average of 14% per year over the last decade. As a result, China's share of world trade has quadrupled over the last two decades, making it the fourth largest manufacturing exporter. Factors contributing to the growth include a strong supply of inexpensive labour, exploding foreign direct investment, a low-valued fixed exchange rate policy, and increased access to foreign markets.

With China's seemingly inexhaustible supply of labour and its inclusion in the World Trade Organization in 2001, its integration into the global economy will no doubt continue at a rapid pace for years to come. China's integration into the world economy will inevitably impose adjustment costs on its trading partners and manufacturers around the world in the short-to-medium term, but the overall benefits to the world of an expanding Chinese market will likely outweigh the costs in the long run. If current growth rates continue China will surpass the U.S. to become the world's largest economy in just over 10 years.

Provincial Economic Overview

Review of 2003

Newfoundland and Labrador recorded another solid performance in 2003. Real GDP grew by an estimated 4.7% as growth in exports and consumer spending continued to fuel the economy. On an adjusted basis, real GDP grew by an estimated 2.0%. Adjusted GDP excludes production income from major projects accruing to non-residents. Last year marked the seventh consecutive year of real GDP growth (both adjusted and unadjusted).

GDP growth in recent years has been largely driven by gains in exports which has been fuelled by oil production. This was the case again in 2003. Oil production grew by 17.9% as both Hibernia and Terra Nova increased production. Output gains were also recorded in the newsprint, fishing and mining industries and, with income and investment gains, the service sector continued to expand.

Capital investment increased by 2.2% to $3.8 billion as high levels of spending occurred on both the White Rose and Voisey's Bay projects. In addition, housing starts boosted residential investment—capital expenditures on housing increased by 17.5% to $846 million. Housing starts grew by 11.3% to 2,692 units, on the heels of a 35.3% increase in 2002. Housing starts last year were the highest since 1991, reflecting the favourable buying environment (low interest rates) and the impacts of several years of employment and income gains.

Employment increased by 1.8% in 2003 to 217,800 person years, continuing the trend of the past several years of employment expanding with overall economic growth. The labour force grew by 1.6%, less than employment growth, resulting in a slight decline (0.2 percentage points) in the unemployment rate to 16.7%.

Last year marked the first increase in the population since 1992. As of July 1, 2003 the population of the province stood at 519,570, an increase of 300 persons, the result of positive

Economic Indicators

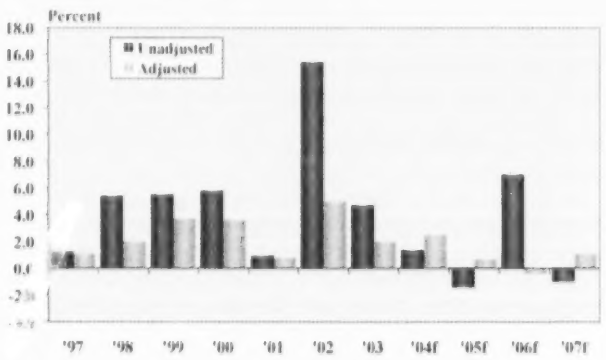
	2003	2004f	2005f	2006f	2007f
Real GDP					
at Market Prices (97$m)	15,113	15,308	15,086	16,149	15,989
% change	4.7	1.3	-1.4	7.0	-1.0
% change, adjusted*	2.0	2.5	0.7	-0.4	1.1
Personal Income ($m)	12,501	12,873	13,251	13,501	13,852
% change	4.3	3.0	2.9	1.9	2.6
% change, real	1.4	1.1	1.0	0.0	0.8
CPI (1997=100)	111.6	113.6	115.7	118.0	120.1
% change	2.9	1.8	1.9	1.9	1.8
Retail Sales ($m)	5,347	5,506	5,619	5,676	5,779
% change	5.1	3.0	2.1	1.0	1.8
% change, real	3.4	1.6	0.1	-0.8	0.0
Housing Starts	2,692	2,600	2,323	2,129	2,095
% change	11.3	-3.4	-10.7	-8.3	-1.6
Capital Investment ($m)	3,795	4,192	4,073	3,706	3,629
% change	2.2	10.5	-2.8	-9.0	-2.1
% change, real	2.1	9.2	-4.1	-9.5	-2.4
Employment (000s)	217.8	219.7	220.8	219.9	221.4
% change	1.8	0.9	0.5	-0.4	0.7
Unemployment Rate (%)	16.7	16.4	16.2	16.4	16.1
Population (000s)	519.6	518.3	516.6	514.5	512.7
% change	0.1	-0.2	-0.3	-0.4	-0.4

f: forecast, Department of Finance, March 2004

*Note: Adjusted GDP excludes production income from major projects accruing to non-residents.

Statistics Canada; Economic Research and Analysis Division, Department of Finance

Real GDP Growth



f: forecast
Statistics Canada; Economic Research and Analysis Division

Port au Port Peninsula

net migration and natural population growth. Positive net migration was most likely the result of diminished employment expectations elsewhere in Canada as events such as SARS and BSE caused economic weakness in several regions of the country.

Outlook for 2004

Real GDP growth is expected to moderate in 2004 from recent years. On average, private sector forecasters are projecting real GDP growth of 2.9%. The Department of Finance forecast for GDP, at 1.3%, is lower, reflecting lower expectations for oil production and the inclusion of provincial government restraint measures.

Growth in 2004 will stem primarily from consumer spending and construction activity related to Voisey's Bay and White Rose. Retail sales are expected to continue the trend of recent years, growing by 3.0% and capital investment is forecast to increase by 10.5% to $4.2 billion, the highest level ever.

Real exports are expected to be on par with 2003—lower oil production will be offset by higher iron ore shipments and increased service exports. Oil production is expected to be about 3% lower than in 2003 because of reduced production at Terra Nova, while iron ore shipments are forecast to rise by about 10%. Service exports are expected to increase by almost 4% boosted by strong growth in the rest of North America. Other export industries are expected to remain relatively unchanged from 2003.

Employment is forecast to grow by 0.9% to 219,700. Employment gains are expected to outpace labour force growth, resulting in a decline in the unemployment rate from 16.7% to 16.4%. Population decline is expected to resume, but at a much slower rate (0.2%) than experienced in the late 1990s.

Beyond 2004

Development and production schedules of major projects will continue to have a significant influence on economic growth over the next several years. Real GDP is expected to decline in 2005, premised on the winding down of development work on White Rose and Voisey's Bay, and a further drop in oil production. In 2006, a leap in oil production (from White Rose production and a temporary spike in Terra Nova) and the start of Voisey's Bay production will cause GDP to grow substantially. GDP aside, many indicators are much more stable over the forecast period. This is because changes in mineral and oil production have a greater impact on GDP than on employment and income, a fact illustrated in the adjusted GDP figures.

For detailed assumptions regarding the medium term forecast, visit the Economic Research and Analysis Division's web site at: www.economics.gov.nl.ca

Consumer Spending

Consumer Spending and Why it is Important

Consumer spending refers to the purchase of goods and services by households. It is the largest component of GDP and has been one of the main contributors to real GDP growth in recent years (second only to exports). Increased consumer spending per capita generally signals a rise in the standard of living, however, on the downside it may also point to rising household debt. A substantial portion of government revenues including HST, as well as gasoline and tobacco taxes are dependent on consumer spending.

Recent Trends in Consumer Spending

Consumer spending in Newfoundland and Labrador has been strong over the last seven years. In 2003, consumers spent an estimated $9.5 billion compared with just over $7 billion in 1996. After adjusting for inflation, average annual growth was 2.8% per year.

In addition, spending per person has grown more in this province than any other province. Between 1996 and 2002, real spending per capita grew by 28.5%, more than 12 percentage points higher than the national average. In 2002, real spending per capita was 85.7% of the national average, compared with 77.6% in 1996.

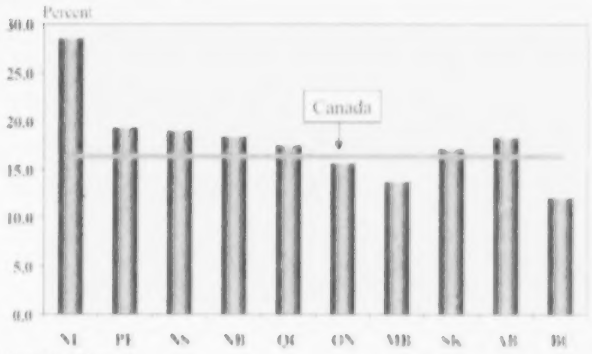
Factors Contributing to Growth

The increase in consumer spending was due to a number of factors:

- Increased disposable income—real disposable income grew by 15.7% on a per capita basis between 1996 and 2002, the second highest growth among the provinces.
- Lower savings rates—savings rates have declined over the last six years. In this province rates have fallen from 9.6% in 1996 to 1.3% in 2002. The rate for Canada in 2002 was 4.2%.

Change in Real Consumer Spending

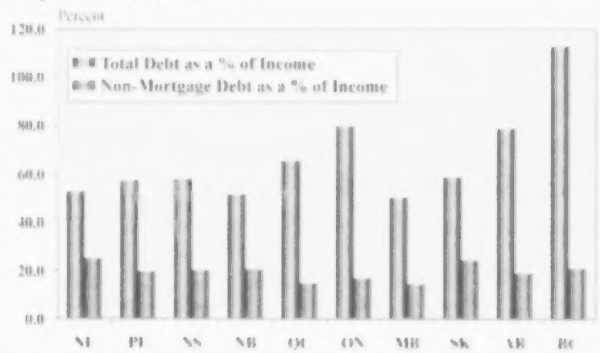
Per Capita 1996-2002



Statistics Canada

Household Debt as a % of

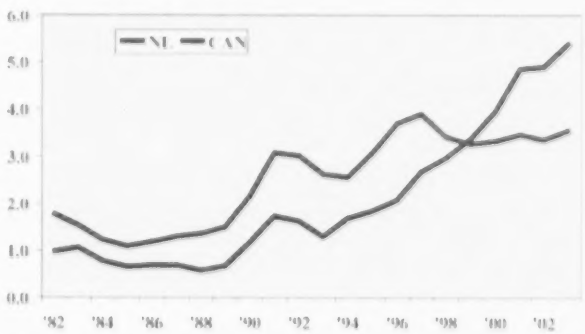
Disposable Income, 1999



Total debt includes mortgage and non-mortgage debt
Statistics Canada

Personal Bankruptcies

Per 1,000 Adults (20 Years Plus)



Statistics Canada, Industry Canada

Consumer Spending

- Growing use of consumer credit—expanded use of lines of credit, credit cards and borrowing against home equity have fuelled spending.
- Low interest rates—low rates are keeping debt servicing ratios manageable.
- Pent-up demand—spending on durables and semi-durables languished during the early 1990s.
- Consumer confidence—employment gains, reasonable borrowing terms, and general optimism about the economy have raised consumer confidence.
- Demographic change—while overall population declined between 1996 and 2002, the 45-59 age group expanded by 19,000. This age group tends to have higher incomes and spend more on consumer items.

Outlook

Growth in consumer spending is expected to continue, albeit at a more moderate pace. Real consumer spending is expected to grow by 1.2% per year over the 2004 to 2007 period, compared with 2.8% per year in the last seven years. This outlook is predicated on lower growth rates for employment and personal income, and softening consumer demand.

How this outlook plays out will depend in part on debt servicing costs. The Bank of Canada, and others, feel that Canadian household debt servicing ratios are acceptable because the higher debt is being mitigated by increased incomes and lower interest rates. However, some analysts feel that households are vulnerable to higher interest rates, and any significant increase could choke-off spending.

The lack of data on household financial stability at the provincial level limits current analysis. The most recent data (1999) indicated that Newfoundland and Labrador had one of the lowest ratios of debt to disposable income in the country, due mainly to the high rate of home ownership, and therefore, low amount of mortgage debt. Excluding mortgages, this province had the highest ratio of debt to disposable income in the country in 1999. This situation has probably deteriorated since then, given the propensity to accumulate short-term debt. Also disturbing is the trend showing personal bankruptcies per 1,000 adults at a much higher level than the national rate.

Construction

Construction investment totalled almost $2.5 billion in 2003, up 10.8% (9.1% in real terms) from 2002. Employment in the industry averaged 10,000, about the same as 2002. Both residential and non-residential construction spending increased last year.

Non-Residential

Non-residential construction spending rose by 7.6% in 2003, largely on the strength of resource projects. Of the estimated $1.6 billion in non-residential construction, about two-thirds was attributable to the mining and oil industries. Spending in these industries increased by 28.7% to $1.1 billion, driven by the Voisey's Bay and White Rose developments.

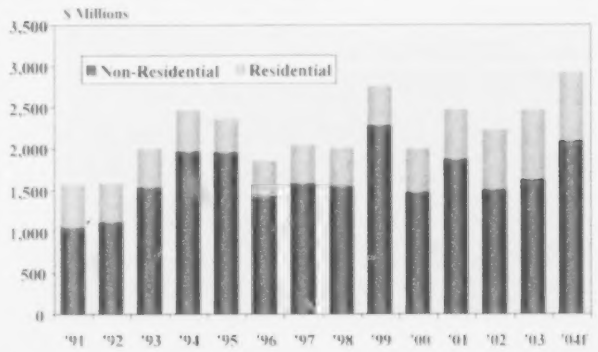
Outside the mining and oil industries, spending declined from $677 million in 2002 to $552 million last year. This decline was widespread, with the most notable change being a 27.1% drop in spending by utilities, reflecting in part, the completion of the Granite Canal Hydro Project.

Residential

Residential investment reached $846.2 million in 2003, up 17.5% from 2002. This was an all-time high in real terms, beating the previous record set in 1989 (see chart). Real housing investment has grown consistently over the last four years. Both new construction (i.e., housing starts) and renovations have contributed to the growth. Gains are the result of historically low mortgage rates, employment and income growth, solid consumer confidence and limited supply in the resale market. In recent years, renovations have accounted for about 70% of housing investment.

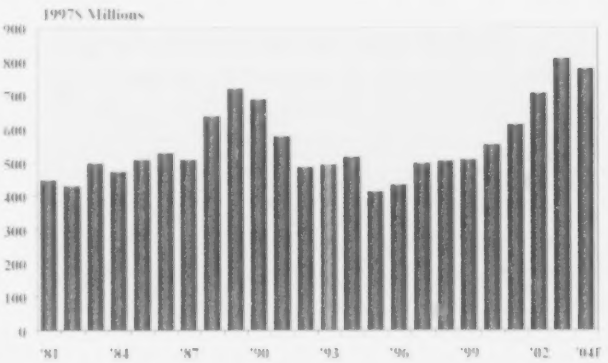
Housing starts in 2003 increased by 11.3% to 2,692 units with the gains occurring in urban areas. Starts have grown consistently over the last four years. However, even with the recent growth, there are only half as many housing starts today as compared with the early 1970s—a time when significant government sponsored social housing development and favourable demographics produced high levels of new home construction.

Construction Investment



f: forecast
Statistics Canada

Real Residential Investment



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Statistics Canada, Economic Research and Analysis Division

Outlook for 2004

- Construction investment is projected to grow by 18.5%, driven by non-residential spending (28.9% increase).
- White Rose and Voisey's Bay will be key factors in construction growth.
- Housing starts are expected to decline by 3.4% to 2,600 as excess demand from previous years is satisfied.
- About $8.5 billion in project spending is planned or underway in the province according to the inventory of *Major Capital Projects* (see page 27). Resource related projects account for most of this spending.

Demographics

Historically, the impact of out-migration on population growth has been more than offset by a high birth rate. In the 1990s, however, fewer births combined with a sharp increase in out-migration resulted in large population declines. Between 1992 and 2002, the population fell by about 60,700. However, losses through out-migration have declined over the last five years in concert with economic improvements.

Population Changes in 2002-03

The province's population on July 1, 2003 was 519,570, a gain of 300 over 2002, the first increase in more than a decade. The gain was due to natural population change of 223 and positive net migration of 77. This net migration contrasts with the previous five years when an average negative net migration of 7,049 was recorded. Last year's positive performance was due to solid economic growth locally and temporary economic weakness in other parts of the country which dampened job prospects in those regions.

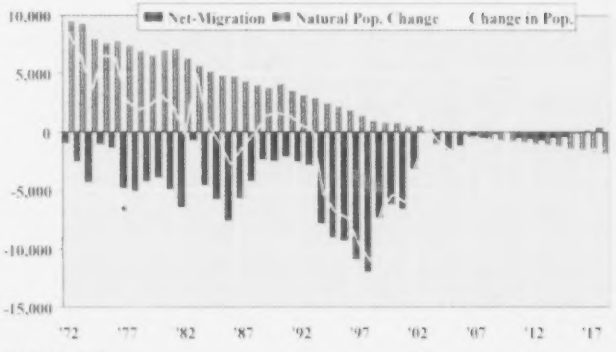
Outlook and Implications

Population is expected to decline modestly over the coming years due to natural population losses and net out-migration. Rapid aging, one of the province's most important demographic challenges, is also expected to continue—median age is expected to rise from 39.3 years in 2003 to 47 years in 2018. Public sector challenges include changing demands for health care due to an aging population and providing education services to far fewer students over less densely populated areas.

Labour markets will also change as demand for workers overtakes supply. Fewer new entrants into the labour market combined with large numbers retiring could result in labour shortages. This would be in contrast to the past when new entrants greatly exceeded new jobs available through retirements and job growth, forcing young people to leave the province in search of employment. Improved planning, and the communication of labour market conditions and expectations, could go a long way to alleviate potential shortages.

Change in Total Population

Newfoundland and Labrador, 1972 to 2018p



p - projection
Statistics Canada; Economic Research and Analysis Division

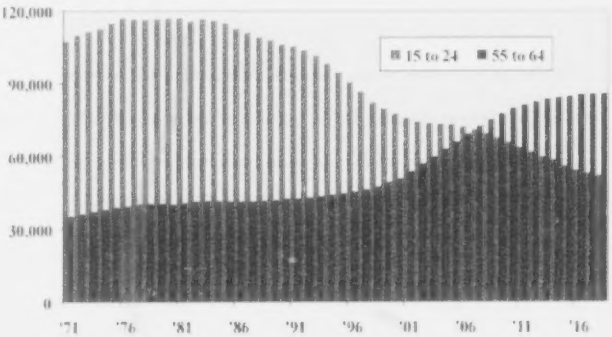
Components of Population Change

Population July 1, 2002		**519,270**
Births	4,573	
Deaths	4,350	
Natural Change	**223**	**➢ 223**
In-Migration	12,280	
Out-Migration	12,203	
Net Migration	**77**	**➢ 77**
Population July 1, 2003		**519,570**
Change 2002 to 2003		**300**

Statistics Canada

Potential Labour Force Entrants vs. Retirees

Newfoundland and Labrador, 1972 to 2018p



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Statistics Canada; Economic Research and Analysis Division

Labour Markets

Performance in 2003

Labour market conditions have improved in recent years, recovering losses incurred during the early 1990s. Since 1996, employment and the size of the labour force have steadily increased. By 2001, employment had recovered to above its previous record high of 207,400 in 1990. In 2003, employment and the labour force grew by 1.8% and 1.6%, respectively. Employment reached 217,800 person years, 10,400 higher than 1990 and 30,800 higher than 1996.

Employment Growth Since 1996

Employment has grown 16.5%, or 2.2% annually, since 1996, with all regions of the province experiencing positive employment growth. The Avalon Peninsula accounted for 50% (15,400) of total growth with the St. John's CMA accounting for 39% (11,900). Positive growth was also experienced in the West Coast-Northern Peninsula-Labrador Region (8,400), the Notre Dame-Central Bonavista Bay Region (4,800), and the South Coast-Burin Peninsula Region (2,100). While all areas experienced growth, employment in the South Coast-Burin Peninsula and Notre Dame-Central-Bonavista regions has not recovered to 1990 levels.

Both urban[1] and rural areas of the province have experienced employment growth, however, employment in urban areas has grown more (20%) than rural areas (13%). As a result, some rural areas have not seen employment levels restored to their previous peak in 1990.

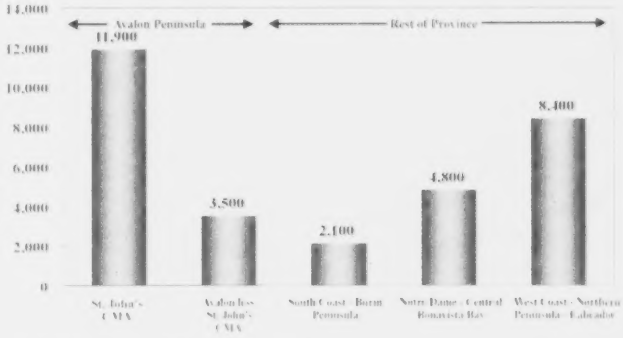
Despite accounting for only 36% of those employed in 2003, older workers have experienced the largest share (87%) of employment gains since 1996, a fact which partly reflects an aging population. Employment in the age group 45 years and over increased by 50%, whereas, those aged 15 to 44 years

Labour Market Indicators

	1990	1996	2002	2003
Labour Force (000s)	249.5	231.7	257.4	261.4
Employment (000s)	207.4	187.0	213.9	217.8
Unemployment (000s)	42.1	44.7	43.4	43.6
Unemployment Rate (%)	16.9	19.3	16.9	16.7
Participation Rate (%)	56.7	52.1	58.6	59.5
Employment Rate (%)	47.1	42.1	48.7	49.6

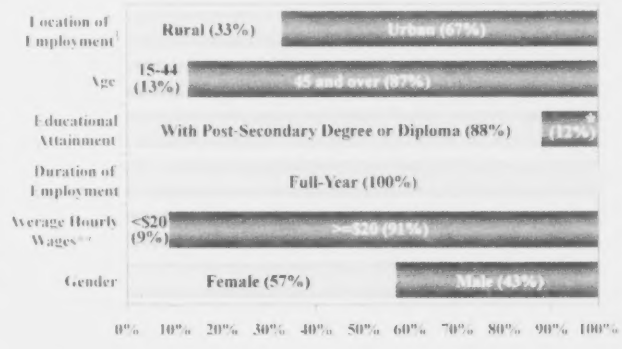
Statistics Canada, Labour Force Survey

Regional Employment Growth Since 1996



Statistics Canada, Labour Force Survey

Shares of Employment Growth Since 1996



High School diploma and/or some post-secondary.
Since 1997, latest data available.
Statistics Canada, Labour Force Survey

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Labour Markets

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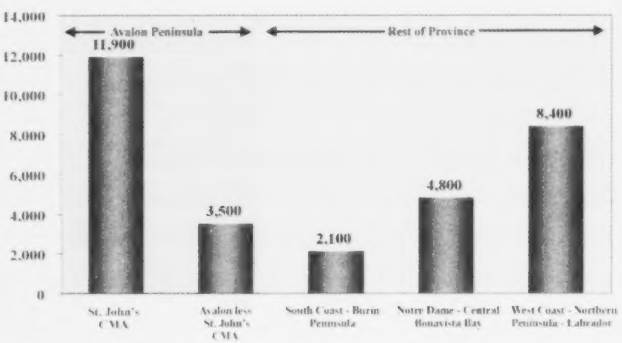

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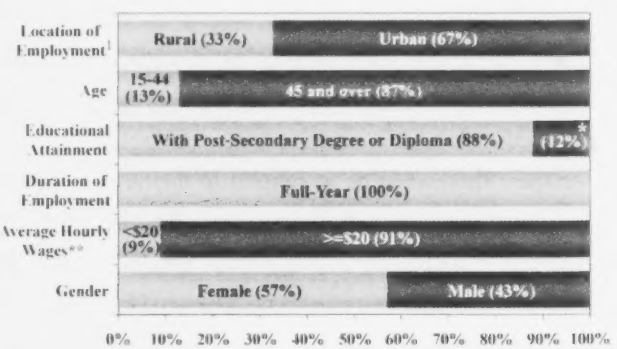


* *High school diploma and/or some post-secondary.*
** *Since 1997, latest data available.*
Statistics Canada, Labour Force Survey

experienced just 3% growth since 1996. The majority of employment gains since 1996 have accrued to those who have completed post-secondary education (88%). The proportion of those employed with a post-secondary degree or diploma now comprises 59% of total employment compared to 52% in 1996. Those employed with a high school diploma and/or some post-secondary also experienced positive growth, increasing 9%, and those without a high school diploma experienced a decline of 13% since 1996.

The duration of employment has also been increasing significantly over the last several years. Since 1996, all employment growth has consisted of full-year employment, which has grown 26%. Full-year employment now represents 76% of total employment in the province, compared to 70% in 1996. Part-year employment has been on the decline, decreasing 6% since 1996. This group now represents 24% of those employed.

Nearly all employment growth has been in higher-paying jobs. Employment in jobs paying $20 per hour or more has increased 88% since 1997. The proportion of those employed in this wage category now stands at 27%, up from 17% in 1997. Employment in jobs paying less than $20 remained virtually unchanged, increasing by just 2% since 1997.

A higher proportion of employment growth since 1996 has been attributable to women. Since 1996, female employment has increased by 20% compared to 13% for males. This result is consistent with increased female participation in labour markets over the last number of years.

Almost all (94%) of the employment growth since 1996 has been in full-time employment. Full-time employment increased 19% since 1996 while part-time employment has grown by 6%. Full-time employment now represents 85% of total employment compared to 83% in 1996.

Average Hours Worked Per Week

People in this province work, on average, more hours per week than their Canadian counterparts. In 2003, workers in Newfoundland and Labrador worked an average of 38.2 hours per week, compared to the Canadian average of 36.3. Workers in the goods sector (46.5 hours per week) tend to work longer hours than workers in the services sector (36.0 hours per week). This is due primarily to the highly seasonal nature of employment in the goods sector; individuals work for fewer weeks during the year but for more hours during the week.

Mining

Iron ore currently accounts for 90% of the province's mineral output. Because iron ore is a globally traded commodity, changes in international market conditions can have a significant impact on industry performance.

Market Conditions—Iron Ore

Steel production is the driving force for almost all iron ore demand. Global demand for iron ore has been strengthening in the past couple of years largely as a result of increased demand for steel in China. Strong demand in China has compensated for weaker demand in the European Union (EU) and North America in recent years. As a result of increased global demand, iron ore prices increased significantly in 2003 (between 7% and 10% depending on the product).

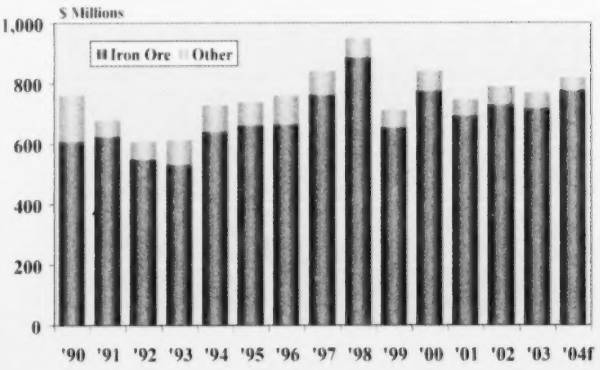
Most Canadian iron ore is destined for the United States and the EU. As a result, Canadian iron ore producers have been impacted by the unstable market conditions in these areas. Nonetheless, increased world demand has resulted in benefits for Canadian producers in the form of higher prices and opportunities for developing new markets.

Performance

After the recent peak in 1997, iron ore shipments declined to relatively low levels in 2001 and 2002 before rising 4.9% to 19.9 million tonnes in 2003. The Iron Ore Company of Canada (IOC) recorded shipment growth of 3.7% while Wabush Mines posted an 8.5% gain. Employment at both sites fell slightly to a combined 1,731 as the mines improved efficiency. IOC has indicated that it will seek to cut costs in 2004 by 18% and raise production by 10%.

In addition to the two iron ore companies, there are a number of other mineral producers supplying an array of products, such as gold, slate, dolomite and limestone. The second largest mineral produced in the province is gold, which accounted for 2.4% of shipment value over the past five years. However, the province's only gold producer—Richmont Mines Inc.—located on the Baie Verte Peninsula,

Value of Mineral Shipments



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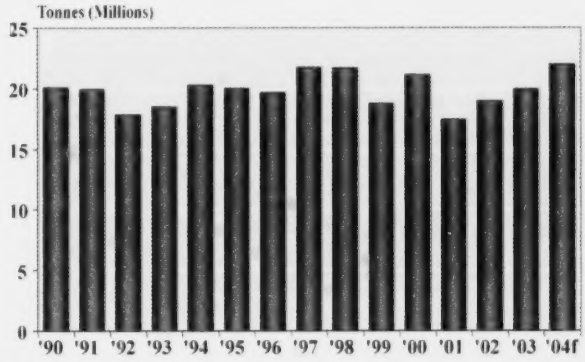
Department of Natural Resources

Iron Ore Shipments



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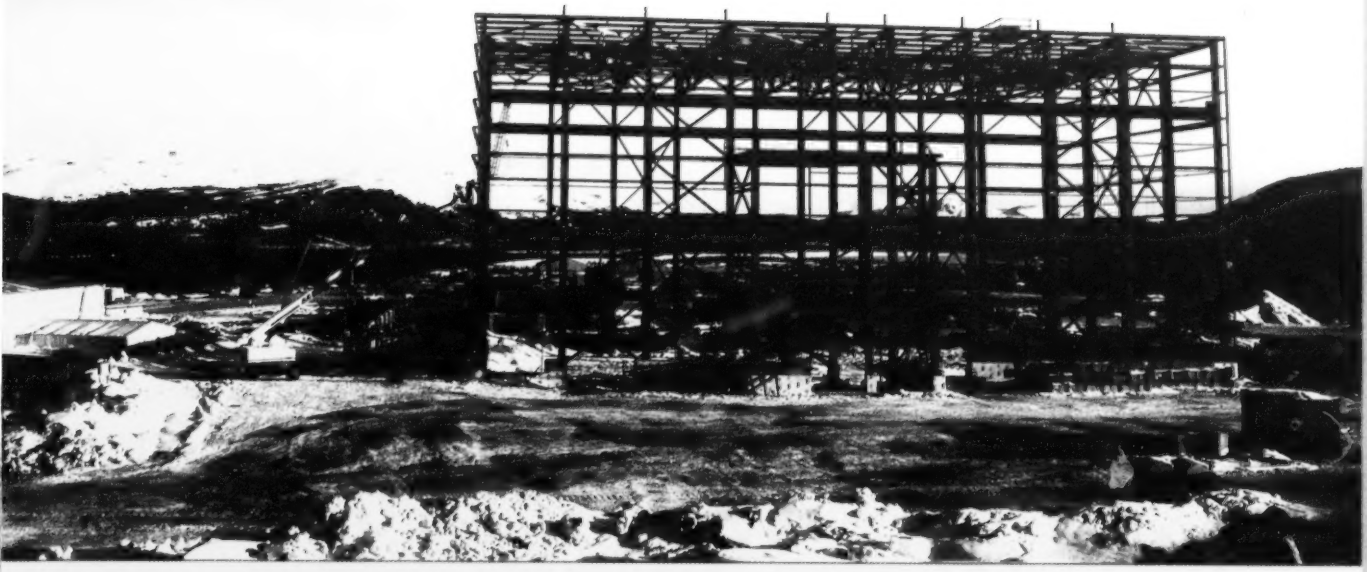
Natural Resources Canada; Department of Natural Resources

Outlook for 2004

- Market conditions for iron ore should continue to improve, resulting in higher prices.
- Iron ore shipments are expected to approach 22.0 million tonnes in 2004, an increase of about 10% over 2003.
- Exploration expenditures are expected to be up significantly—rising from $21 million in 2003 to $31 million in 2004.



Construction of concentrator building at Voisey's Bay

is expected to cease production by mid-2004 due to the depletion of reserves. This mine currently employs 85 people.

Exploration

Rising mineral prices and prospectors' successes are fueling increased exploration efforts. Exploration expenditures of $31 million are expected in 2004, up from $21 million in 2003. Spending of $16 million is slated for the island portion of the province, with the remaining $15 million for Labrador. Exploration on the Island is primarily for gold and is occurring throughout eastern and central areas. In Labrador, over half of the expenditures are associated with continued exploration activity in and around the Voisey's Bay site. Other spending in Labrador is associated with a substantial IOC exploration program in Western Labrador and several independent smaller scale exploration programs.

Voisey's Bay

Not since the discovery of the iron ore deposits in Labrador in the late 1940s has a mineral discovery changed the face of the mining industry like Voisey's Bay. The discovery and development of the Voisey's Bay nickel, cobalt and copper deposit will cause mining output and employment to rise to levels not seen in many years. At full production, expected in 2006, the open-pit mine and 6,000 tonnes per day mill/concentrator facility in Labrador, is expected to employ 400 people. When mining operations go underground, which is projected to be in 2018, employment at the expanded mining operation will reach 800. When combined with the full-scale nickel-processing facility in Argentia, total employment is expected to reach 1,200.

Major components of the project will realize significant progress in 2004. Continued development of the mine/mill site in Labrador will involve the construction of transportation infrastructure (waste haul road, port and landing strip), pre-striping of the open-pit mine and construction of the concentrator building. Construction of the mining research and development centre—the Inco Innovation Centre—will continue at Memorial University. Construction relating to the demonstration plant at Argentia will also begin during this year. The demonstration plant is projected to be operational by 2006 and will employ 200 people annually.

In 2004, expenditures on the Voisey's Bay project are forecast to be approximately $449 million compared to $260 million in 2003. Employment is projected to peak at approximately 850 people at the Voisey's Bay site this summer. Project schedules and timelines are currently on target.

Once Voisey's Bay is in production, it will add about $500 million to mining output each year—equivalent to roughly 5% of total provincial exports.

Fishery

The fishing industry recorded another strong performance in 2003, largely on the strength of a robust crab fishery. Total landings increased by 12% to about 301,000 tonnes. Landed value increased by 11% in 2003 to $560 million from $505 million in 2002. Production value rose by 6% and exceeded $1 billion in 2003 for the fourth consecutive year.

Crab

Crab receipts, which comprise about 50% of the landed value, rose by approximately 21% to $277 million. The increase was due to higher prices. Strong market conditions, mainly in the U.S. and Japan, prevailed throughout 2003. As well, news that supplies would again be constrained by a lackluster performance in Alaska's crab fishery supported higher prices. Canadian producers' revenues rose as increases in U.S. denominated prices rose more than enough to offset the effects of a strengthened Canadian dollar. The quantity of landings fell slightly in 2003 due to modest quota reductions.

The outlook for crab, the industry's most important species, is good from a market perspective. The crab resource appears to be fairly stable in major fishing areas, however, some decline was noted off Labrador and on the south coast of the Island. If further quota reductions are implemented in these areas the overall harvest level may decline slightly in 2004.

Shrimp

The value of shrimp landings, the second most important species to the fishery, fell by 1.3% to $141 million in 2003. This occurred despite a 14% rise in the quantity landed. While prices for cooked and peeled coldwater shrimp in the U.S. market remained fairly steady, exporters' revenues were squeezed by a strengthening Canadian dollar exerting downward pressure on prices paid to harvesters.

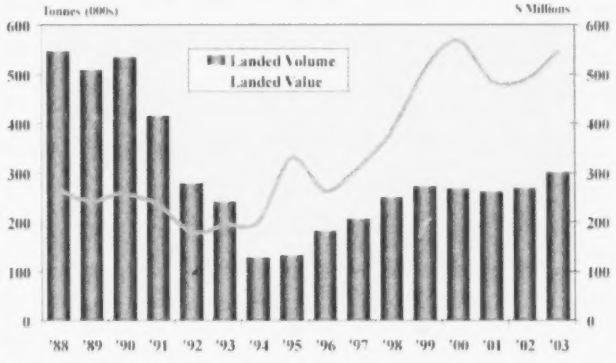
The provincial shrimp fishery has experienced growing pains since the expansion of wet-fish inshore activities in 1997. The industry now consists of two main sectors: the wet-fish fleet, catching and providing plants with raw material for the

Fish Landings

	2002(R)	2003(P)	% Change
Landings (tonnes)			
Groundfish	60,170	57,473	-4%
Pelagics	50,233	69,661	39%
Shellfish	157,633	173,915	10%
Total	**268,035**	**301,049**	**12%**
Seals (number)	310,000	289,000	-7%
Landed Value ($ millions)			
Groundfish	$63.3	$65.8	4%
Pelagics	$12.9	$17.2	33%
Shellfish	$411.7	$465.1	13%
Seals	$17.6	$12.1	-31%
Total	**$505.4**	**$560.2**	**11%**

Note: R - Revised; P - Preliminary
Department of Fisheries and Aquaculture

Fish Landings and Landed Value



Department of Fisheries and Aquaculture

Outlook for 2004

- Fish landings are expected to be roughly on par with 2003.
- Structural issues in the industry will likely challenge all players particularly those in the shrimp sector.
- Aquaculture: gains in salmon production are expected in 2004 and beyond as existing operations raise production levels and new operators come on stream.

Fishing Vessels

production of cooked and peeled shrimp, and the offshore fleet, primarily producing frozen-at-sea product. Wet-fish now comprise about 61% of shrimp landings and its rapid growth has presented challenges including the timing of harvesting and processing activities and transportation of raw material. Some of the structural problems have been exacerbated by weak market conditions, changing exchange rates and high tariffs in the major coldwater shrimp-consuming nations of Europe. As a result, the industry has developed an implementation plan to deal with many of these issues.

From a resource perspective, shrimp stocks in northern fishing zones appear stable while stocks in southern zones appear to be at historically high levels.

Other Species

Other significant species in 2003 included lobster ($25 million), turbot ($21 million), cod ($18 million), clams ($18 million), seals ($12 million), mackerel ($10 million) and yellowtail flounder ($9 million). With the exception of a decline in cod landings and a modest reduction in the number of seals taken last year, remaining fisheries noted a better performance than 2002. The outlook for the seal industry is especially bright reflecting high prices for many seal products, processing expansions and continued market development.

Aquaculture

Last year, provincial aquaculture production (all species) was approximately 3,900 tonnes, down from 4,663 tonnes recorded in 2002. Lower volumes were mainly the result of poorer market conditions for mussel products.

Aquaculture is taking on added significance globally. Aquaculture's contribution to world fish landings continues to grow, increasing from 7.3 million tonnes (9.7% of total production) in 1980 to 48.4 million tonnes (34.1% of total production) in 2001. Significant advancements are expected in provincial aquaculture activity. The province is aggressively pursuing commercialization of the cod aquaculture industry. The industry's goal is to produce 32,000 tonnes of farmed cod for market by 2010.

Aquaculture Industry Profile

Newfoundland and Labrador, 2003

Employment	500
Export Value	$16 Million
Commercial Shellfish Sites	62
Commercial Finfish Sites	24
Aquaculture Tonnage	3,900

Department of Fisheries and Aquaculture

Oil and Gas

Oil Production Performance

Oil production grew by 17.9% to almost 123.0 million barrels in 2003. High prices, combined with regulatory approvals for daily production increases, led to significantly higher production levels at both Hibernia and Terra Nova. Hibernia production has increased every year since the start of production rising from 23.8 million barrels in 1998 (first full year) to a record 74.1 million barrels in 2003.

Production from Terra Nova has also been strong in the first two years of operations increasing from 38.5 million barrels in 2002 to 48.8 million barrels last year. Production is expected to decline in 2004 and 2005—over time, more production wells will experience increased water and gas production leading to a reduction in oil recovery from the field. Development of the Far East field is expected to offset this natural decline for one or two years, starting in 2006.

New Field in Production in 2006

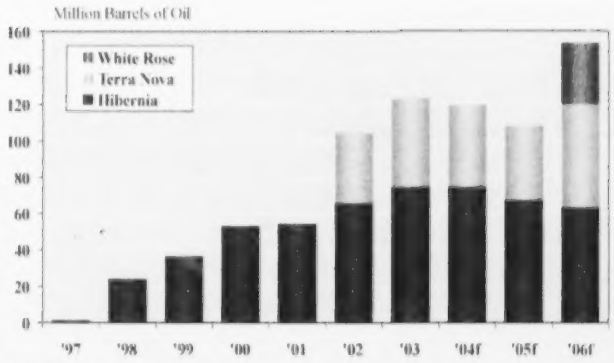
Substantial progress was made on the White Rose project in 2003. Glory hole work at the field was completed in September and field development drilling commenced in the third quarter. The recently christened *SeaRose FPSO* departed from South Korea on February 12 and is expected to arrive in Marystown in April for topsides installation, hook-up and commissioning. Work in 2004 will be primarily associated with continued drilling of development wells, field integration of the subsea production system, and topsides construction and integration on the FPSO.

The project operator, Husky Energy, expects production to begin late 2005 or early 2006. This production coupled with expected record Terra Nova production, will push total annual output to over 150 million barrels in 2006.

Contribution to the Provincial Economy

The oil and gas sector is a substantial contributor to the economy. Direct employment in 2003 was an estimated 2,600, accounting for 1.2% of total employment. The sector

Oil Production



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Department of Natural Resources

Major Project Ownership Structure (%)

Company	Hibernia	Terra Nova	White Rose	Hebron-Ben Nevis
ExxonMobil Canada	33.1	22.0	0.0	37.9
Chevron Canada Resources Ltd.	26.9	1.0	0.0	28.0
Petro-Canada	20.0	34.0	27.5	23.9
Canada Hibernia Holding Corporation	8.5	0.0	0.0	0.0
Murphy Oil Company Ltd.	6.5	12.0	0.0	0.0
Norsk Hydro Canada	5.0	15.0	0.0	10.2
Husky Energy	0.0	12.5	72.5	0.0
Mosbacher Operating Ltd.	0.0	3.5	0.0	0.0

Department of Natural Resources

SeaRose FPSO

Kiewit Offshore Services—Marystown

accounted for approximately $200 million of labour income (2.7% of total) and about 18% of total GDP.

Exploration

Significant interest exists in the province's offshore. This is evidenced by the participation of some of the world's largest oil companies in offshore exploration and development activity. The more notable companies doing business are ExxonMobil, ChevronTexaco and ConocoPhillips.

Canadian companies also have significant stakes in the province's offshore including Petro-Canada, Husky Energy and Imperial Oil Resources Limited. Petro-Canada has a 20% or greater share in all four of the province's major oil projects, and is involved in 22 out of the 23 significant discovery areas designated in Newfoundland and Labrador waters. Revenue from East Coast properties accounted for over 35% of Petro-Canada's net earnings in 2003.

There was a record land sale in 2003. All eight parcels that received successful bids were jointly purchased by ExxonMobil (25%), ChevronTexaco (50%) and Imperial Oil (25%). Almost $673 million in work expenditures were committed, bringing total outstanding work commitments in the offshore to $968.5 million. These commitments are spread over 36 licences which have varying expiry dates spanning the next five to six years. As a result, the province could see as many as 10 wells drilled over the next several years.

Husky Energy has announced its intention to drill one offshore exploration well in the South Whale Basin in 2004. Onshore, Contact Exploration Inc. and partners commenced drilling an exploratory well in the Parsons Pond area in late January, with project costs estimated at $1.2 million. Vulcan Minerals Inc., a partner in the Parsons Pond #1 well, is conducting completion and stimulation operations at its Flat Bay #1 well with intentions to drill one or two additional wells on its properties later this year.

Outlook for 2004

- Oil production is expected to decline by 2.9% to 119.4 million barrels.
- Oil prices are expected to weaken slightly, but remain close to US$28 per barrel. Weaker prices coupled with an anticipated decline in production will negatively impact production value.
- Hibernia and Terra Nova combined capital spending is expected to be in the $500-$600 million range.
- White Rose spending is expected to exceed $500 million.
- The majority of White Rose work will take place in the province. Employment at the Marystown facilities is expected to peak at about 1,100 people.

Forestry and Agrifoods

Forestry

Newsprint

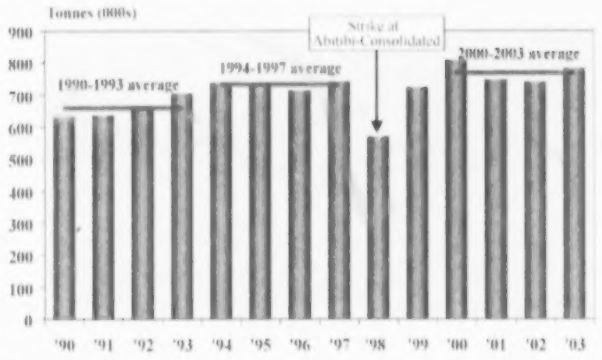
Newsprint production directly accounts for 1.6% of the province's GDP and 1.0% of employment. Canada produces approximately 23% of the world's newsprint and Newfoundland and Labrador accounts for about 9% of Canadian shipments. The province has maintained its share of world markets (approximately 2%), while both Canada and the U.S. have seen their market shares diminish in recent years. In 2003, the province accounted for 9.2% of Canadian shipments in comparison to only 6.9% in 1990.

In 2003, provincial shipments recorded their second highest level ever at 781,000 tonnes, a 5.5% increase over 2002. The province's mills fared much better than Canadian newsprint mills which saw shipments remain on par with 2002. Newsprint prices increased by 8.2% to US$503 per tonne, however, prices remain low in historical terms. Newsprint prices averaged US$589 per tonne over the 1995 to 2001 period. The value of shipments (in Canadian dollars) was estimated at $550 million in 2003. While both shipment volumes and U.S. dollar prices were up significantly, the value of shipments increased only 1.8% as most of the benefits from higher prices and quantities were offset by a higher Canadian dollar.

Lumber

The province's lumber industry has suffered several significant setbacks over the past two years. In addition to the general industry downturn caused by the Canada/U.S. softwood lumber dispute, the two largest sawmills in the province, which had previously accounted for 60% of total production, shut down for most of 2003 as a result of market conditions and various corporate issues. In addition, another relatively large sawmill was destroyed by fire this past June. At the time of writing no production data was available, but it is clear that production was down considerably in 2003.

Newsprint Shipments



Department of Natural Resources

Outlook for 2004

- Newsprint shipments are expected to increase marginally (about 1% to 788,700 tonnes).
- Newsprint prices are expected to average about US$550 per tonne, up 9.3% from 2003.
- Lumber prices are expected to average US$309 per thousand board feet, almost 12% higher than 2003.

Prices were volatile last year ranging between US$231 per thousand board feet (tbf) in May and US$359 per tbf in September. On an annual basis, lumber prices averaged US$277, up 2.6% over 2002, but remain below the peak level of US$379 experienced in the late 1990s.

Agrifoods

In 2003, total farm cash receipts increased by 2.1% to $82.1 million. The main contributors to growth were egg production (up 10.5% to $11.7 million), floriculture and nursery products (up 3.0% to $10.8 million), and dairy products (up 1.7% to $28.2 million). Receipts from cattle production, which account for only 1% of total farm cash receipts, declined by 35.9% to $865,000 as a result of fall-out from the BSE scare.

In 2003, the highest valued farm products in the province were dairy products (34% of total receipts), hens and chickens (20%), eggs (14%), and floriculture and nursery (13%).

Manufacturing

The value of manufacturing shipments grew by 14.5% in 2003 to $2.88 billion. Growth was entirely in durable goods manufacturing which increased a whopping 93.4% to $941 million, mainly the result of development activity related to White Rose and Voisey's Bay. The value of non-durable goods, which accounts for close to 70% of manufacturing shipments, decreased by 4.5% to $1.94 billion. The major manufactured products are food products (mostly seafood), newsprint, refined petroleum, and fabricated metal products. Manufacturers also produce a wide variety of other commodities including: boats, computer and electronic products, and concrete products. The manufacturing sector accounted for 6.2% of GDP in 2002 and 7.2% of employment in 2003.

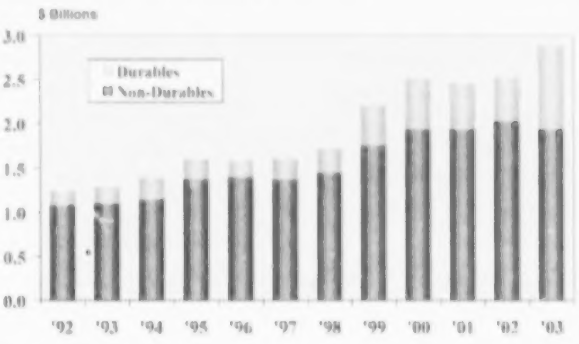
The bulk of manufactured goods are bound for export markets where local firms have little control over the prices they receive. Products are often priced in U.S. dollars while firms pay most of their expenses in Canadian dollars. This means that an appreciation of the Canadian dollar, all else equal, translates into reduced revenues and profit margins for exporters.

Local manufacturers continue to improve productivity in order to remain competitive in world markets. Generally, productivity gains result in reduced labour requirements per unit of output. Thus, while the value of shipments increased, employment in the manufacturing sector declined by 8.8% in 2003 to 15,600. Manufacturing employment in the province is highly seasonal with peak employment occurring in the summer months (see chart). This is primarily due to the dominance of seafood processing—about 70% of temporary manufacturing employment is in seafood.

Outlook

Investment in the manufacturing sector is expected to reach a record level of $192 million in 2004, an increase of 53% over last year, as major projects continue to provide a significant boost. The value of manufacturing shipments in 2004 is expected to be marginally lower than last year's record level as an expected further four-cent increase in the average value of the dollar reduces exporters' revenues.

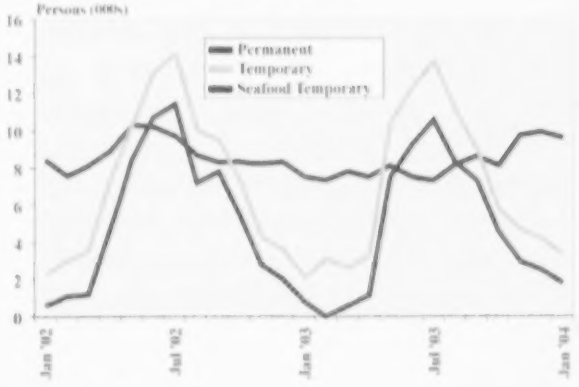
Manufacturing Shipments



Statistics Canada

Come-by-Chance Oil Refinery

Manufacturing Employees



Statistics Canada

Trade

A jurisdiction's dependence on trade can be illustrated by its exports and imports as a percent of GDP. Compared to other provinces, Newfoundland and Labrador ranks fifth in terms of reliance on exports, with exports as a percent of GDP at about 62%. Our reliance on imports (67%) is even higher with only New Brunswick and Prince Edward Island imports being a larger percent of GDP.

The Province's Trade Balance

The province has traditionally imported more than it has exported. The trade deficit was more than $2 billion in every year between 1988 and 2001. In 2002, however, the trade deficit was substantially reduced—at $816 million it was the lowest deficit in recent history. This improved trade balance was the result of a record value of exports (over $10.2 billion) which helped offset ever growing imports.

The province's trade deficit results entirely from inter-provincial trade as Newfoundland and Labrador imports more from other provinces than it exports. In terms of international trade, the province generally exports more than it imports. This situation is explained by the fact that most consumer goods are imported from other provinces while most of the province's commodity exports (e.g., fish, newsprint, iron ore and oil) are destined for other countries.

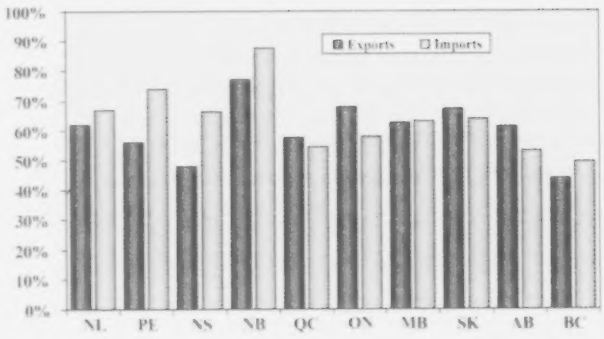
The existence of a trade deficit implies that the province is spending in excess of what it is receiving for its goods and services. This is possible through borrowing of funds by consumers, businesses and government and the transfer of federal government funds to the province.

Exports

The province has experienced rapid growth in exports in the last ten years (tripled since 1993) due in large part to crude oil production. Oil exports now account for 46% of the total value of exports. While the province exports goods and services to nearly 100 countries, the U.S. is the province's major market. This reliance on the U.S. market

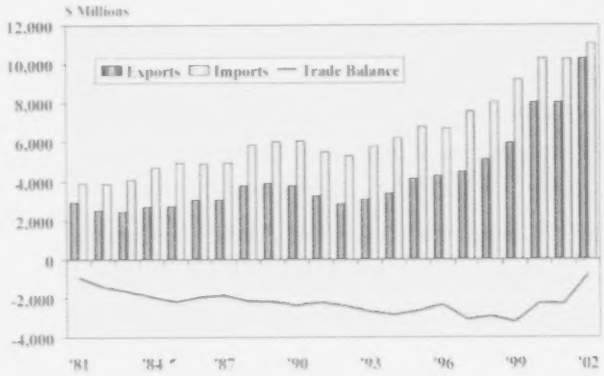
Trade

as a % of GDP in 2002



Statistics Canada, Provincial Economic Accounts

Newfoundland and Labrador Trade Balance



Statistics Canada, Provincial Economic Accounts

Major Exports, 2003

	$ Millions	% of Total
Goods	**$9,500**	**87.2**
Crude Oil	$5,000	45.9
Refined Petroleum	$1,700	15.6
Fish Products	$1,000	9.2
Mineral Products	$775	7.1
Newsprint	$550	5.0
Other Goods	$475	4.4
Services	**$1,400**	**12.8**
Total	**$10,900**	**100.0**

Various sources

Top Five International Export Destinations

Ranking	1993	% of Total	2003	% of Total
1	United States	55.8	United States	67.2
2	Japan	8.8	China	5.4
3	United Kingdom	5.5	Germany	4.2
4	Netherlands	4.0	Italy	2.6
5	Indonesia	2.2	United Kingdom	2.6

Strategis web site, Industry Canada

increased with the advent of oil production, since a significant portion of oil exports are destined for the U.S.

Exports to other countries have also increased. China, for example, is now the province's second most important international market (22nd position in 1993). Export growth to China has resulted primarily from the expansion of the province's shellfish industry; semi-processed shrimp and crab account for over 60% of all exports to China.

Exports recorded solid gains again last year, following a sharp increase in 2002 (as Terra Nova oil production began). Gains were mainly due to higher prices for and increased production of crude and refined petroleum. The value of exports is expected to decline modestly in 2004, the result of a higher dollar, lower oil prices and a decline in crude oil production. Beyond 2004 exports will be boosted as White Rose and Voisey's Bay production comes on stream in 2006. Exports are expected to begin declining in 2007 with lower production from both Hibernia and Terra Nova.

Imports

Imports account for about 60% of all goods and services consumed within the province. Imports reached a record value of $11 billion in 2002, up 109% since 1992. About 55% of imports were from other provinces while the remaining 45% came directly from other countries. Some products, such as crude oil and frozen whole cod, are imported for reprocessing but most imports, such as food, motor vehicles and electronic goods, are for direct consumption by households and businesses.

In recent years, imports have grown substantially, driven by increased consumer spending and record levels of business investment. Activity on mega projects requires significant inputs that are imported (e.g., the hull of the White Rose FPSO will be imported from South Korea). While the investment occurs in the province, import leakages associated with mega-projects, are very high, in the range of 70%. In some cases, this is unavoidable as the province does not have the capacity necessary to service these needs. Continued investment in the White Rose and Voisey's Bay projects as well as moderate growth in consumer spending should continue to support high levels of imports in 2004.

Tourism

Background

Tourism accounts for about 2% of total GDP in the province. It contributes 7,000-8,000 person years of direct employment and between $160-$180 million in labour income. The number of people employed is substantially higher than the person year figure due to the seasonal nature of the industry. In terms of spinoffs, every 100 person years of employment in tourism generates an estimated 50 person years of employment elsewhere in the economy.

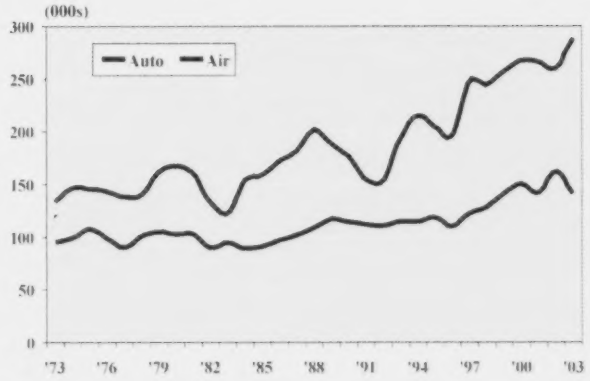
Total tourism spending is estimated at about $800 million per year. Residents account for about 63% of total spending with the remainder by visitors to the province. Both resident and non-resident tourism have increased considerably in recent years.

Performance in 2003

Last year was a relatively good year for tourism in the province. While resident travel figures are only available up to 2001, solid gains in employment and income in 2003, as well as high consumer confidence are believed to have positively affected the tourism industry. These positive impacts are expected to have outweighed the dampening effects of currency appreciation and high fuel costs on the local market.

Non-resident travel to the province held its own in 2003. Preliminary estimates show 441,400 visitors, spending $316 million—both on par with 2002. More air visitors offset declines in auto and cruise visitors. This performance is similar to the other Atlantic Provinces but ahead of national performance. Nationally, many challenges, including a weak U.S. economy, a higher valued Canadian dollar and a series of one-time economic shocks contributed to a lower number of tourists from other countries.

Non-Resident Visitors

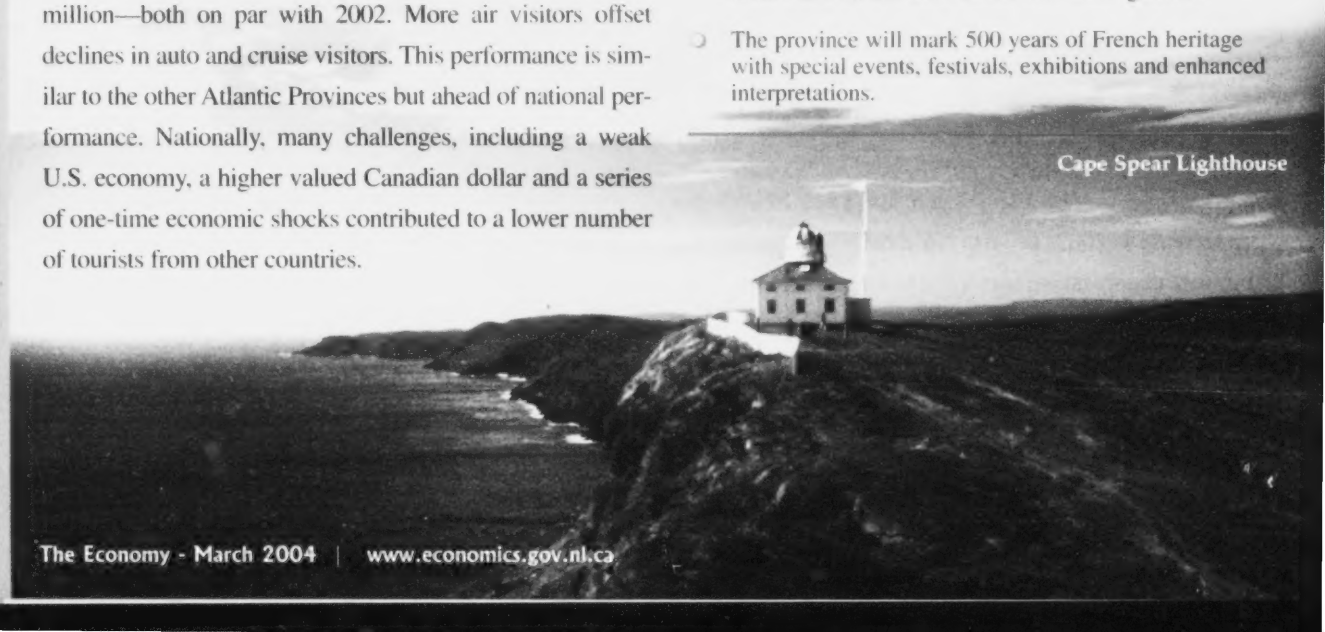


Note: Cruise visitors are not included because of the scale of the chart. There were 14,066 cruise visitors in 2003.

Department of Tourism, Culture and Recreation

Outlook for 2004

- Tourism performance is expected to hold steady in 2004.
- Resident spending is expected to be about the same as last year.
- Non-resident visitor numbers are also expected to remain on par with 2003 levels. High gasoline prices and increases in ferry rates will negatively impact auto visitors. Discount air lines will continue to boost growth in air travel.
- An increase in port calls for cruise ships is expected but, with smaller vessels, the number of passenger visits will remain on par with 2003.
- Convention and meeting bookings point to the busiest year since 1997. New accommodation capacity in St. John's and on the West Coast will foster growth.
- The province will mark 500 years of French heritage with special events, festivals, exhibitions and enhanced interpretations.



Cape Spear Lighthouse

The Proposed Lower Churchill Hydroelectric Development

The Churchill River in Labrador is recognized as a significant source of renewable, low cost, clean electricity. The full potential of this resource has yet to be realized. The development will require a multi-billion dollar investment and has the potential to provide significant long-term economic and environmental benefits to Newfoundland and Labrador and Canada over its long service life, estimated to be in excess of 75 years.

The proposed Lower Churchill Hydro development includes two potential sites. Gull Island, the larger and more economically attractive site, is located 225 km downstream from the existing 5,428 megawatt generating facility at Churchill Falls. A second, smaller site is located at Muskrat Falls, 60 km further downstream.

Over the past 30 years, there have been multiple attempts to develop these projects. One of the key challenges is the isolated geographic location, and the resulting implications for transmission of power to markets and access to infrastructure. The Government of Newfoundland and Labrador is committed to ensuring that this resource is developed in a manner that will bring real and long term benefits to the people of the province, especially Labrador. To achieve this objective the government will review all potential viable development options in terms of meeting the priorities of: promoting industrial development, meeting domestic demand and exporting surplus energy.

The Government will keep its options open until sufficient assessment has been completed to make decisions on the appropriate course of action for development of the resource. This assessment includes consideration of the role for the federal government. Development of this resource will help address regional economic disparity and contribute to the achievement of Canada's climate change objectives and therefore is in both the provincial and national interests.

A 2,000 megawatt generating facility at Gull Island has the potential to produce 11,900,000 megawatt hours of clean energy annually. This is sufficient energy to supply up to one million households annually[1]. Comparable production from a coal generation supply would emit an estimated 11.4 mega tonnes of carbon dioxide. An 824 megawatt generating facility at Muskrat Falls has the potential to produce almost 5,000,000 megawatt hours annually.

The estimated in-service cost of the Gull Island development, including a generation station with four generating units, rock-fill dam, spillway and transmission in Labrador is in excess of $4 billion. The smaller Muskrat Falls project is estimated to be in the range of $2 billion. The actual final costs of these developments will depend on many factors including the engineering and construction contracts, financing arrangements and associated infrastructure requirements.

The potential economic impact of the projects will depend on the development option that is undertaken and the ultimate uses of the power. The province stands to benefit from the economic and employment activity during the construction phase—total direct and indirect employment for Gull Island is estimated to be almost 17,000 person years over the six year construction period.

Aboriginal consultation is also a priority for the Government in the development of this resource. The Innu Nation has a land claim that has been accepted for negotiation by the governments of Canada and Newfoundland and Labrador. The claim includes the proposed Lower Churchill development area. The Government remains committed to a consultation process with the Labrador Innu, which dates back to Spring 1998.

The Government is committed to developing the projects in an environmentally acceptable manner. The projects will be subject to an environmental assessment process, with full public participation, and must receive environmental approval in accordance with federal and provincial legislated requirements before they can proceed. The project lead time for Gull Island is anticipated to be nine years, including an estimated 36 months for an environmental assessment and a six year construction period.

1. Number of households is dependent on multiple factors including: the heating source in the households, regional location and the electricity requirements.

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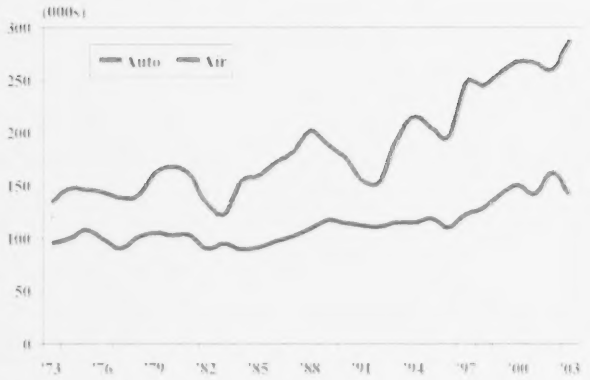

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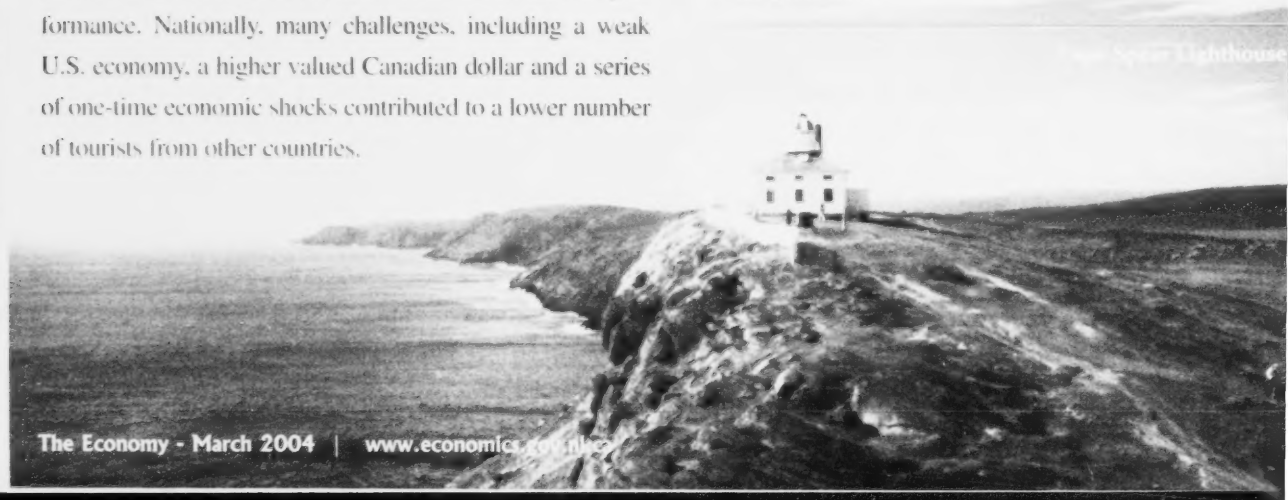

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Statistical Indicators

	Real GDP (1997$ Millions) 2002	Employment Person Years (000s) 2003
Goods Producing Industries	**4,541.0**	**45.1**
Agriculture	51.3	1.6
Forestry & Logging	87.8	0.8
Fishing & Trapping	228.1	8.8
Mining & Oil Extraction	2,376.1	6.1
Manufacturing	782.5	15.6
Fish Products	203.4	6.4
Other	579.1	9.2
Construction	577.5	10.0
Utilities	437.7	2.3
Services Producing Industries	**8,113.6**	**172.7**
Wholesale Trade	500.0	4.9
Retail Trade	718.3	31.6
Transportation & Warehousing	420.3	13.0
Finance, Insurance, Real Estate, & Leasing	1,927.3	7.3
Business, Building & Other Support Services	175.5	8.2
Professional, Scientific & Technical Services	303.8	7.8
Educational Services	739.9	16.3
Health Care & Social Assistance	1,068.6	33.1
Information, Culture & Recreation	608.1	7.6
Accommodation & Food Services	233.8	13.7
Public Administration	1,146.7	16.6
Other Services	271.3	12.4
Total, All Industries	**12,654.8**	**217.8**

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products.

Statistics Canada; Economic Research and Analysis Division

Fishing Boats, St. John's Harbour

Major Capital Projects

Voisey's Bay

Francophone School, St. John's

Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public and private projects that are either continuing or starting in the current year. All spending is privately funded unless otherwise indicated. In some cases, the capital spending figure quoted includes spending from previous years. The inventory was prepared in February and March 2004.

According to this year's inventory, about $8.5 billion in major capital spending is planned or underway in the province. Resource related projects command the lion's share of the spending. The single largest project is the Voisey's Bay development which has an estimated capital cost of $2.9 billion. This is followed by White Rose at $2.0 billion. Noteworthy is the considerable spending in the area of tourism, cultural and recreational activities, pegged at almost $800 million. The most significant project in this group is the development of a resort complex on the West Coast of the province.

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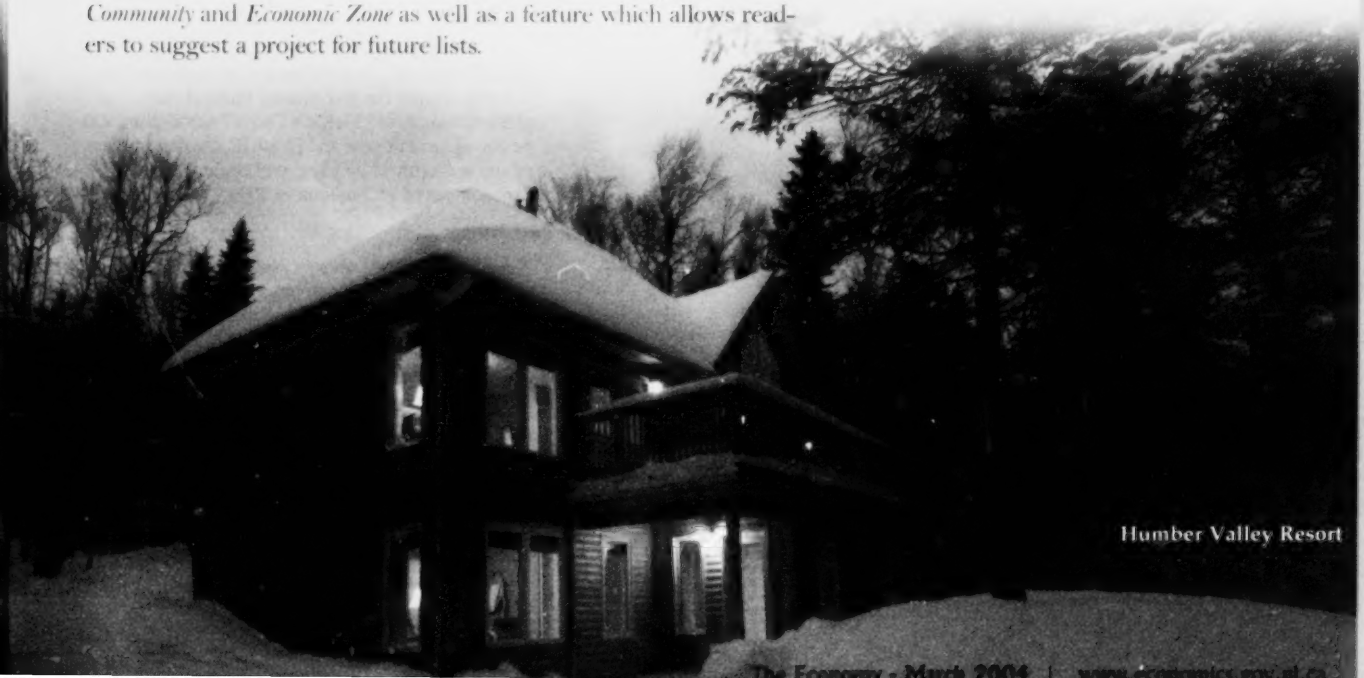
Major Projects ($ millions)

Mining, oil and gas	5,488
Tourism, culture and recreation	799
Environmental	602
Commercial and residential	530
Municipal infrastructure	470
Education	189
Transportation	188
Utilities	165
Other	110
Total	**$8,541**



Humber Valley Resort

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Statistics Canada; Economic Research and Analysis Division

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Other	110
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Humber Valley Resort

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
Commercial/Residential				
Affordable Housing Program	30.3	2001/2007	N/A	The objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing grants for housing projects. The $30.3 million figure may include non-capital spending. Federal/Provincial cost-shared. (Various locations)
Churchill Square Condominium Complex	5.0	2004	19	SBC Developments Inc.- construction of 24 units, ranging in size from 1,244 - 1,505 sq. ft. Development includes elevator and wheel chair access, as well as meeting and common rooms, exercise facilities, and a barbeque pit. (St. John's)
Commercial-Retail Land Development	10.0	2004/2009	8	RTGO Developers Inc. - the development of a business park. Cost figure includes building construction. (Deer Lake)
Condominium Complex	11.0	2004/2005	19	Myles-Leger Ltd. - construction of a 40 unit condominium complex on Logy Bay Road. (St. John's)
Establishment of the Community of Natuashish	150.0	1997/2004	1	Relocation of the Innu community of Davis Inlet to Natuashish, Sango Bay. Project expenditures of $7.5 million for the fiscal year 2004/05. Federal funds. (Natuashish)
Housing Development	240.0	2002/2014	19	Construction of 1,200 housing lots at Clovelly Trails and McNiven Estates (Developer: Pro-Tech Construction), and Grovesdale Park (Developer: Fairview Investments). (St. John's)
Property Redevelopment	12.0	2002/2005	19	Myles-Leger Ltd. - redevelopment of the Belvedere property. Project has five phases. Phase II, the construction of the "McKie's Grove" subdivision, will be completed this year and Phase III, the construction of a new apartment building, will begin. Projected expenditures of $6.5 million in 2004. (St. John's)
Provincial Home Repair Program	10.5	2004/2005	N/A	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs. Federal/Provincial cost-shared. (Various locations)
Seniors Complex	6.0	2002/2005	19	Squirrel Run Developments Limited - construction of 50 housing units to be named "The Meadows". Phase I, 18 units is complete. Phase II, the remaining 32 units will begin in Spring 2004. (St. John's)
Subdivision Development	50.0	1996/2008	19	Karwood Estates - construction of 300-350 houses. 50 are scheduled to be constructed this year. Projected expenditures of $10 million for 2004. (Paradise)

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
Townhouse Development	3.6	2004	19	COBeLstone Development Limited - construction of 24 townhouse units to begin in Spring 2004. (St. John's)
Townhouse Development	1.3	2004	19	Myles-Leger Ltd. - construction of 4 executive townhouses to be named "McKinlay Row". (St. John's)
Education				
Building Renovations	2.5	2002/2004	19	College of the North Atlantic - renovations at the Prince Phillip Drive campus. Provincial funds. (St. John's)
Francophone School/ Community Centre Development	5.4	2003/2004	19	Construction of a K-12 francophone school and community centre. Funded by the Newfoundland and Labrador Education Investment Corporation ($2.4 million) and by Federal Canadian Heritage ($3.0 million). (St. John's)
School Construction	180.9	1997/2006	N/A	Activities include the construction of new educational facilities and renovations, extensions and purchasing of new equipment for existing facilities. Projected expenditures of $22 million in the 2004/05 fiscal year. Provincial funds. (Various locations)
Environmental				
Environmental Improvements	500.0	1996/2006	15	North Atlantic Refining Ltd. - productivity and environmental improvements including reducing sulphur dioxide emissions. Projected expenditures of $60.4 million for 2004. (Come-by-Chance)
Environmental Restoration	81.0	1996/2006	18	Restoration of the former U.S. Naval Base. Projected expenditures of $8 million for 2004. Federal funds. (Argentia)
Environmental Restoration	2.0	2004/2006	6	Restoration of the former U.S. radar site. Provincial funds. (St. Anthony)
Mine Site Decommissioning and Environmental Restoration	19.0	2002/2004	10	Rehabilitation and closure of the former Hope Brook gold mine site. Costs include environmental monitoring and inspections after closure and are net of asset sales. Projected expenditures of $1.7 million in 2004. Provincial funds. (Hope Brook)

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
Fishery/Forestry				
Aquaculture Expansion	5.0	2003/2004	13	North Atlantic Sea Farms - fish farming equipment expenditures aimed at increasing salmonid production. (Bay d'Espoir)
Cod Hatchery Development	3.5	2002/2004	17	Northern Cod Ventures - construction of a cod hatchery. Private/Provincial/Federal funds. (Bay Roberts)
Cold Storage and Offloading Facility	7.5	2003/2004	6	St. Anthony Basin Resources Inc. - construction of an industrial cold storage and offloading facility for shrimp. The facility will include a mobile racking system, a tunneled conveyor offloading system and a computerized online inventory system. Funded partially by the Atlantic Canada Opportunities Agency. (St. Anthony)
Crab Plant	5.0	2002/2005	6	Englee Seafoods Limited - construction of a new crab processing plant. (Englee)
Forest and Agriculture Access Roads	4.0	2004/2005	N/A	Construction of access roads on Crown land. Provincial funds. (Various locations)
Newsprint Mill Capital Expenditures	10.0	2004	9, 12	Abitibi-Consolidated Inc. - asset maintenance including boiler upgrades and secondary treatment upgrades (Aerated Stabilization Basin). Capital expenditures of $9.0 million in Grand Falls and $1.0 million in Stephenville. (Grand Falls-Windsor and Stephenville)
Newsprint Mill Capital Expenditures	20.0	2004	8	Corner Brook Pulp and Paper Limited - various infrastructure and power related projects. This includes $3.6 million which will be spent on the construction of forest access roads. (Corner Brook)
Woods Operation and Sawmill	2.1	1998/2004	1	Postmill Lumber Incorporated - work completed to date includes the construction of forest access roads, the purchase of a harvester and other equipment associated with wood harvesting. Further plans include establishment of an integrated sawmill pending funding applications. To date, funding from the Strategic Regional Development Agreement. (Postville)
Health Care/Personal Care				
Health Care Facilities	14.7	2004/2005	N/A	Expenditures for renovations and equipment purchases. Provincial funds. (Various locations)
Personal Care Home for Seniors	4.0	2004	19	Cambridge Estates - construction of a 69-suite personal care home for seniors. Includes libraries, lounges and a fitness room. (St. John's)

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
Industrial/Manufacturing				
Butane Storage Facility	22.0	2003/2004	15	North Atlantic Refining Limited - facility includes a 300,000 barrel storage tank, as well as auxiliary facilities such as a butane dryer system, a refrigeration system, an instrumentation control system, a hydrocarbon detection system and other associated infrastructure. (Come-by-Chance)
Equipment Upgrade	1.0	2003/2004	2	H&H Enterprises Limited - upgrading of existing metal fabrication shop. Funded partially by the Atlantic Canada Opportunities Agency. (Wabush)
Research Facility Expansion	1.0	2003/2006	19	Memorial University of Newfoundland - the project involves new experimental facilities in three laboratories, all related to structures and materials testing for offshore applications. Federal and University funds. (St. John's)
Three-Dimensional Visualization Centre	5.5	2004	19	Memorial University of Newfoundland (Oil and Gas Development Partnership) - establishment of an active-stereo simulation environment which uses software to look at seismic, geological and drilling data. Costs includes establishment of 20 person viewing room, and computer hardware and software. This project is a partnership with Landmark Graphics Corporation. Funded by Landmark, Canada Foundation for Innovation, Atlantic Innovation Fund, IBM Canada, and Panoram Technologies. (St. John's)
Mining/Oil and Gas				
Access Road and Exploratory Oil and Gas Well	1.2	2003/2004	7	Contact Exploration Inc. - includes construction of access road, location preparation and drilling costs. (Parsons Pond)
Mine and Mill Reactivation	6.1	2004/2005	14	Beaver Brook Antimony Mine Ltd.- reactivation of the antimony mine and mill, located 43 km southwest of Glenwood. A $1.1 million diamond-drill program is anticipated in 2004 to confirm sufficient measured resources and to support a feasibility study. Pending feasibility, this operation would produce 150,000 tonnes/year. (Beaver Brook)
Mineral Exploration	31.0	2004	N/A	Estimate prepared by the Department of Natural Resources. Regional breakdown: $16 million for Newfoundland and $15 million for Labrador. Over half of the expenditure in Labrador is by Voisey's Bay Nickel; IOC has a large exploration program in Labrador West; the remaining $4.5 million will be spent on exploration programs primarily for gold and base metals. Exploration in Newfoundland, primarily for gold, will be taking place throughout central and eastern regions. (Various locations)

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
Terra Nova and Hibernia	500.0-600.0	2004	N/A	Hibernia Management and Development Company Ltd. and Petro-Canada - figures include capital drilling costs for the current year. (Offshore Newfoundland)
Voisey's Bay Mineral Development	2,900.0	2002/2031	N/A	Voisey's Bay Nickel Company - includes development and operating expenses at the Voisey's Bay site (mine, mill/concentrator and associated infrastructure), the Mini Plant in Ontario, the Hydromet Demonstration Plant and Commercial Processing facility at Argentia, and the Inco Innovation Centre at Memorial University. Projected expenditures of $449 million in 2004. (Various locations)
White Rose Oil Development	2,880.0	2000/2005	N/A	Husky and Petro-Canada - figures are pre-production capital only. Includes the construction of production vessel and modules for vessel; excavation of glory holes; pre-production drilling; fabrication and installation of subsea systems; and hook-up and commissioning of vessel. Projected expenditures of over $500 million in 2004. (Various locations)
Municipal Infrastructure				
Canada/Newfoundland and Labrador Infrastructure Program	153.7	2000/2006	N/A	Program to assist municipalities in improving infrastructure. 1/3 federal funds, 2/3 provincial/municipal cost-shared according to municipal financial capacity. Projected expenditures of $20 million for the 2004/05 fiscal year. (Various locations)
Canada/Newfoundland Inuit Communities of Labrador Contribution Agreement	8.7	2004/2005	1	Program to provide water and sewer for coastal communities of Labrador and other community improvements. Provincial funding of $6.0 million, Federal funding of $2.7 million. Figures shown are for the 2004/05 fiscal year. (Labrador)
Centennial Square Revitalization Project	6.2	2002/2005	19	City of Mount Pearl - redevelopment and improvement of the Centennial Square business area, including additional parking, improved traffic circulation, and enhancement of the City Centre. Projected expenditures of $2.0 million for 2004. 50/50 Provincial/Municipal funds. (Mount Pearl)
Fire Station and Training Tower	5.7	2003/2004	19	Construction of a three level fire station and a training tower. Building will house fire-fighting personnel, administration offices of the St. John's Regional Fire Department, and the 911 communication centre. Project funded through the Multi-Year Capital Works Program. (St. John's)
Multi-Year Capital Works Program	110.0	2002/2005	N/A	Program to assist municipalities in construction of local infrastructure. Provincial/Municipal 50/50 cost-shared program. (Various locations)

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
Municipal Capital Works Program	63.0	2002/2005	N/A	Program to assist municipalities in construction of local infrastructure. Provincial funds of $42.0 million and municipal funds of $21.0 million. Projected expenditures for the 2004/05 fiscal year are $21 million. (Various locations)
Wastewater Treatment Plant	93.0	2003/2009	19	Construction of a primary sewage treatment plant for St. John's, Mount Pearl and a portion of Paradise. Projected expenditures of $10-$12 million for the 2004/05 fiscal year. 1/3 provincial funding, 1/3 federal funding, 1/3 municipal funding. (St. John's)
Water Treatment Plant	30.0	2002/2005	19	City of St. John's - construction of a water membrane filtration plant and balancing reservoir. Projected expenditures of $10.0 million for 2004. (St. John's)
Tourism/Culture/Recreation				
Building Redevelopment	4.0	2002/2004	19	King George Properties Inc. - refurbishment and revitalization of the 1912 King George V Building into a boutique hotel. (St. John's)
Church	2.2	2004	19	Construction of a new church building to house the Elim Pentecostal Tabernacle. Multi-purpose building will include a sanctuary, gymnasium and classrooms. (St. John's)
Golf Course	3.0	2002/2004	17	Construction of a 9-hole golf course to be named "Pitcher's Pond Golf Course". Municipal funding. (Whiteway)
Golf Course, Clubhouse and Lodge	1.5	2002/2004	15	Completion of golf course and construction of a clubhouse, maintenance building, and a lodge with 6 suites. (Summerville)
Hotel	5.6	2003/2004	19	Steele Hotels - construction of the "Capital Hotel". (St. John's)
Hotel	9.0	2003/2005	19	Harbour View Inn - construction of a hotel. Phase I - 28 suites, constructed in 2003. Phase II - the construction of an additional 60 rooms, restaurant, bar, swimming pool, fitness centre, and business centre - will begin in April 2004 and be completed in April 2005. (St. John's)
Humber Valley Resort-Development I	200.0	1999/2006	8	Humber Valley Resort Corporation - construction of a 600 acre, 321 chalet resort and 18 hole golf course on the north side of the lower Humber River. Main complex will include a restaurant, bar, viewing gallery and pro shop, and conference area. Also separate buildings will be constructed for a spa and

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
				beach house. Projected expenditures of $50 million for 2004. $500,000 contribution by the Atlantic Canada Opportunities Agency. (Humber Valley)
Humber Valley Resort-Development II	500.0	2004/2011	8	Humber Valley Resort Corporation - expansion of existing world class, four season resort to include an additional 750 chalets, a club house complex, a second 18 hole golf course and associated infrastructure. (Humber Valley)
Music Hall	1.2	2004/2005	19	Memorial University of Newfoundland - construction of a 2,100 sq.ft. music rehearsal and performance hall, which will include a performance area with web-casting capabilities, lobby and public amenities, and an office suite/video-conferencing centre. To be named "Petro-Canada Hall". (St. John's)
Provincial Archives, Museum & Art Gallery	47.5	2000/2004	19	"The Rooms" will be a permanent museum and art gallery home for provincial artifacts, archival materials, and local art. The new building will be over 150,000 sq. ft., including exhibition galleries, meeting rooms, lecture halls, and a multi-media centre. Provincial funds. (St. John's)
Restoration Project	1.0	2001/2006	19	Anglican Cathedral of Saint John the Baptist - restoration and replacement of masonry. (St. John's)
Revitalization of Downtown Core	4.6	1995/2005	8	Corner Brook Downtown Business Association - beautification of the downtown area of the City including sidewalk modifications and linkage into the Corner Brook Stream Trail System, heritage lighting, the planting of 600 trees and construction of a gazebo. To date $2.4 million has been spent. Funding sources include federal, provincial and municipal governments as well as the Corner Brook Downtown Business Association. (Corner Brook)
Snowmobile Trails	11.4	1998/2005	N/A	Newfoundland and Labrador Snowmobile Federation - completion of the snowmobile trail system. Funded partially by the Atlantic Canada Opportunities Agency. (Island of Newfoundland)
Spa Expansion	1.6	2003/2004	19	Spa at the Monastery and Suites - expansion of existing day spa to include 19 luxury suites and amenities. Funded partially by the Atlantic Canada Opportunities Agency. (St. John's)
Tourist Centre	3.9	2003/2004	19	St. John's Port Authority - construction of a multi-use tourism and hospitality centre at Pier 7. Funded partially by the Atlantic Canada Opportunities Agency. (St. John's)
Walkway Network	2.5	2004	19	Grand Concourse Authority - the continuation of an elaborate walkway system, including associated

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
				infrastructure. Funded by members of the Grand Concourse Authority, the Johnson Family Foundation, and various levels of government. (St. John's, Mount Pearl, and Paradise)
Transportation				
Airport Upgrades	1.7	2004/2005	8, 2	Upgrades to the Deer Lake Airport include a runway lighting system and wind direction indicators. Upgrades to the Churchill Falls Airport include the installation of a wildlife fence, an improved lighting system, a precision path indicator, and equipment purchases. Funded by the Airports Capital Assistance Program. Federal funds. (Deer Lake and Churchill Falls)
Harbour Development	12.0	2004/2005	N/A	Fisheries and Oceans Canada - ongoing program of small craft harbour maintenance, repair and replacement of wharves, breakwaters, slipways and other marine infrastructure. Federal funds. (Various locations)
Harbour Development	2.2	2003/2004	7	Town of Rocky Harbour - construction of a wharf, causeway and breakwater. Funded by the Atlantic Canada Opportunities Agency. (Rocky Harbour)
Harbour Dredging	1.7	2003/2004	16	Harbour Authority of Grand Bank - dredging of the harbour floor to accommodate larger shipping vessels. Funded through the Atlantic Canada Opportunities Agency, the provincial government and Grand Bank Seafoods. (Grand Bank)
Labrador Transportation Initiative - Phase III	109.0	2003/2009	3, 4	Construction of the Trans Labrador Highway from Cartwright to Happy Valley - Goose Bay. Projected expenditures of $23 million for the 2004/05 fiscal year. Funded by the Labrador Transportation Initiative Fund. (Labrador)
Roads Improvement and Construction	30.0	2004/2005	N/A	A variety of projects undertaken to maintain roads, bridges and causeways. Provincial funds. (Various locations)
Strategic Highway Infrastructure Program	23.0	2003/2006	N/A	Program to allow improvements to roads on the National Highway system, primarily on the Trans Canada Highway. Projects are 50/50 cost-shared between the federal and provincial government. Projected expenditures for the 2004/05 fiscal year are $15.1 million. (Various locations)
Waterfront Redevelopment	7.0	2003/2004	19	A.Harvey & Co. Ltd. - upgrading of Piers 15 and 16. The new facilities will add 255 metres of dock space suitable for three offshore supply vessels or salt freighters. Included in the design is a heavy

Major Capital Projects

Project	Capital Cost ($M)	Start/End	Zone	Comments/Location
				lift pad suitable to sustain the weight of the new Harbour Crane in its heavy lift configuration. (St. John's)
Wharf Reconstruction	1.8	2003/2004	7	St. Barbe Development Association - revitalization and enhancement of wharf. Funded by the Atlantic Canada Opportunities Agency. (New Ferrole)
Utilities				
Electric Utility Capital Program	40.2	2004	N/A	Newfoundland and Labrador Hydro - includes upgrades and improvements to distribution systems, improvements to generating facilities, replace energy management system, and purchases of new equipment. (Various locations)
Electrical Utility Capital Program	52.2	2004	N/A	Newfoundland Power Inc. - figures include capital expenditures for replacing deteriorating electrical equipment and meeting service and energy demands. (Various locations)
Telecommunications/IT	70.0	2004	N/A	Aliant Inc. - expenditures related to telecommunications and information technology improvements. (Various locations)
Wind Turbine Generation Farm	3.0	2004	1	Unity Bay Energy - construction and operation of a 750KW wind power farm. (Nain)
Other				
Building Construction	2.2	2003/2004	3	Construction of a new Supreme Court House. Provincial funds. (Happy Valley-Goose Bay)
RCMP Capital Program	2.9	2004/2005	N/A	Royal Canadian Mounted Police - housing construction, environmental projects, building upgrades as well as completion of a new district office in Holyrood. (Various locations)